

Message Text

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17

ACTION ARA-20

INFO OCT-01 EUR-25 ISO-00 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SPC-03

SS-20 USIA-15 IO-14 AGR-20 AID-20 COME-00 EB-11

FRB-02 TRSE-00 XMB-07 OPIC-12 CIEP-02 LAB-06 SIL-01

OMB-01 CEA-02 STR-08 SAJ-01 NIC-01 DRC-01 /229 W

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R 072119Z MAR 74

FM AMEMBASSY SANTIAGO

TO SECSTATE WASHDC 7709

INFO AMEMBASSY MADRID

AMEMBASSY PARIS

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EO 11652: N/A

TAGS: CI, FR, SP, PINT, PINS, PFOR

SUBJ: FRENCH AND CHILEAN COMMUNIST INVOLVEMENT IN
BILATERAL TRADE UNDER ALLENDE CHARGED

1. SUMMARY. CAMPAIGN OF GOC AND ITS SUPPORTERS TO DISCREDIT ALLENDE REGIME CONTINUES WITH PUBLICATION OF LETTER PURPORTING TO SHOW CHILEAN COMMUNIST PARTY (PCCH) PLANS TO ARRANGE GOC PURCHASE OF AGRICULTURAL PRODUCTS FROM ORGANIZATION CONTROLLED BY FRENCH COMMUNIST PARTY. FRENCH AND SPANISH COMMUNISTS WOULD HAVE BEEN ABLE TO ARRANGE LARGE CREDITS FOR CHILE FROM GOF AND GOS, AND PCCH WOULD HAVE BENEFITED BOTH POLITICALLY AND FINANCIALLY. END SUMMARY.

2. LEADING CHILEAN NEWSPAPER EL MERCURIO, OPPONENT OF ALLENDE REGIME AND SUPPORTER OF PRESENT JUNTA, FEATURED IN MAR 6 AND 7 EDITIONS LETTER PURPORTED TO HAVE BEEN WRITTEN FROM MADRID IN MAR 1973 BY ANTONIO
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BENEDICTO, A CHILEAN ADVISOR TO ALLENDE, TO LUIS

CORVALAN, THEN SENATOR AND SECGEN PCCH. LETTER DESCRIBED COMPLEX PLAN TO SECURE FRENCH COMMUNIST HELP IN ALLEVIATING CRITICAL CHILEAN FOOD IMPORT PROBLEM AT TIME AND TO BENEFIT PCCH.

3. IN BRIEF OUTLINE, PLAN INVOLVED GOC PURCHASES OF AGRICULTURAL PRODUCTS FROM FRENCH ORGANIZATION "LA UNION DE COOPERATIVES AGRICOLES DU SUD-OUEST" THROUGH ITS COMMERCIAL ORGAN "INTERAGRA" HEADED BY JEAN DOUMENG, A FRENCH COMMUNIST DESCRIBED AS CONSEILLER GENERAL OF THE TOWN OF NOE NEAR TOULOUSE. INTERAGRA IS DESCRIBED IN THE BENEDICTO LETTER AS FRENCH CP ORGANIZATION HANDLING INTERNATIONAL MATTERS FOR COMMERCIAL ORGANIZATIONS CONTROLLED BY FRENCH CP.

4. ACCORDING TO LETTER, LATE PRES ALLENDE WOULD INSTRUCT GOC AGENCIES HEADED BY PCCH MEMBERS TO PURCHASE WHENEVER POSSIBLE FROM INTERAGRA, WHICH IN TURN WOULD BE ABLE THROUGH FRENCH CP TO ARRANGE MILLIONS OF DOLLARS IN GOC CREDITS FOR CHILE. GOC-OWNED MONOPOLY CHEMICAL AND MINING CO. OF CHILE (SOQIMICH) WOULD BE INTERAGRA AGENT IN CHILE. INTERAGRA WAS REPRESENTED IN SPAIN BY LUIS OJEDA, CHILEAN COMMUNIST AND CLOSE FRIEND OF ALLENDE, WHO PRESUMABLY COULD HAVE ARRANGED GOC CREDITS IN ADDITION TO "US \$40 MILLION HE OBTAINED FOR CHILE FROM SPANISH LEGISLATURE."

5. OBJECT OF ARRANGEMENT ACCORDING TO BENEDICTO WOULD BE TO PROVIDE CRITICALLY NEEDED PROVISIONS FOR CHILE AND TO AVOID DISCREDITING OF PCCH WHOSE MEMBERS DIRECTING AGENCIES CHARGED WITH OBTAINING FOOD SUPPLIES FOR CHILE. WHILE LETTER ITSELF DOES NOT MENTION MORE SPECIFIC PROFIT FOR PCCH, MERCURIIO COMMENTARY SAYS PCCH WOULD EVENTUALLY POCKET PROFITS FROM SALES IN CHILE.

6. DOUMENG ALLEGEDLY COMPLAINED BITTERLY TO OJEDA AND BENEDICTO THAT GOC AND PCCH IN FIRST YEARS OF LIMITED OFFICIAL USE

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ALLENDE GOVERNMENT HAD FAILED MAKE NECESSARY ARRANGEMENTS FOR THIS TRADE.

7. COMMENT. GIVEN STRICT CONTROL OF CHILEAN PRESS BY GOC EMBASSY HAS LITTLE DOUBT THIS LETTER PROVIDED TO MERCURIIO BY OFFICIAL SOURCES AS PART OF CAMPAIGN TO SHOW COMMUNIST LINKS OF ALLENDE AND HIS GOVERNMENT. MERCURIIO IGNORES QUESTION OF WHETHER ANY OF THIS

TRADE ACTUALLY IMPLEMENTED, BUT UNLIKELY MUCH
COULD HAVE BEEN ACCOMPLISHED BETWEEN MARCH AND
SEPTEMBER 1973 WHEN CHILEAN ECONOMIC AND POLITICAL
CHAOS REACHED MOST SEVERE STAGE.

8. INTERNAL EVIDENCE OF LETTER ITSELF, ASSUMING
IT IS GENUINE, DOES NOT RPT NOT SUSTAIN CHARGE
THAT PROPOSED TRADE WAS ILLEGAL OR CORRUPT. THAT
GOC AT TIME FAVORED COMMUNIST-CONTROLLED SUPPLIER
IS CLEAR. ON OTHER HAND, ACCORDING TO LETTER, CHILE WOULD HAVE
OBTAINED DESPERATELY NEEDED FOREIGN CREDITS THROUGH THIS
DEAL, EVEN IF AS MERCURIO CLAIMS SOME OF MONEY WOULD HAVE
STUCK TO CHILEAN COMMUNIST HANDS.
POPPER

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